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ABSTRACT

This report, an expanded version of the working document that anchored the 1992 Center for Creative Leadership conference on executive selection, summarizes and evaluates the contributions of research and practice to the understanding of how to choose the most effective leaders for organizations. Following a brief look at the realities of organizational performance that have led to the growing interest in executive selection, an overview of executive selection is presented in the form of nine observations. Each observation is comprised of a literature review and recommendations to improve practice. The observations are summarized as follows: (1) There is much new research from the last 30 years to help increase the odds of picking successful executives; (2) corporate executives are not using personnel selection tools; (3) a holistic context-rich approach is most significant; (4) opportunities for managerial growth should be maximized throughout the careers of all candidates; (5) more accurate and detailed performance measures of how executives perform must be developed; (6) assessment models must be appropriate to the 21st century; (7) hiring external candidates poses risks to both the candidate and the organization; (8) organizations must promote diversity in leadership by including women and people of color; and (9) there is a need to get past ennui and miscommunication about executive selection. Appendices contain a list of the conference's principal speakers, definitions, and list of further questions. Contains 108 references. (LMI)

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EXECUTIVE SELECTION

*A Look at What We Know and
What We Need to Know*

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What We Need to Know*

David L. DeVries

Center for Creative Leadership
Greensboro, North Carolina

The Center for Creative Leadership is an international, nonprofit educational institution founded in 1970 to foster creative leadership and effective management for the good of society overall. As a part of this mission, it publishes books and reports that aim to contribute to a general process of inquiry and understanding in which ideas related to leadership are raised, exchanged, and evaluated. The ideas presented in its publications are those of the author or authors.

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Selection in the field is only another form of arrangement—the camera being moved instead of the subject. Yesterday I made an obvious arrangement for a shell. My son said, "Dad, that's artificial, isn't it?" I paused to consider. I had never intended for it to be "placed." I then responded by way of contrasting scale. The tiny shell in a vast expanse, yet the shell still dominating.

Edward Warton, in a text with photograph entitled "Shell and Rock," 1931
Santa Fe Museum, Santa Fe, New Mexico

Like photographers, behavioral scientists need to find the implicit beauty, order, and structure in natural things, rather than attempt to impose a "scientific" structure on them. As we study the selection of executives we need to move our professional camera constantly to get other, less artificial, perspectives on this compelling topic.

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Foreword

In line with its mission of improving the quality and practice of leadership, the Center for Creative Leadership held a conference on executive selection in November 1992. The following report is one outcome of that conference.

Another outcome is that the Center has made executive selection one of its major research themes. Under the direction of Dr. Richard Campbell, the Center will do research that aims to generate applied knowledge on this important topic.

Executive selection is a critical leadership issue as we approach the twenty-first century. It is an important human resource strategy for maintaining organizational vitality and adaptability. As such, it can be an effective complement to development as a change strategy (as organizations try to change their cultures and adapt to turbulent environments).

In addition, executive-selection decisions affect both the short-term and long-term health of the organization. In the short term it sends a message, to the organization and to the world in general, that can either reinforce or frustrate required change. The effects of a poor decision ripple throughout the organization and have a lasting impact.

We hope that our research will serve as a bridge between scientists and practitioners. Only joint efforts are likely to result in a better understanding and practice of executive selection. We invite you to join us in this enterprise.

Walter W. Tornow
Vice President, Research and Publication

Preface

Like most people, I have a propensity to act, even professionally, on some lifelong biases. One of mine is a belief in the infinite potential of human beings to grow. Having grown up in an immigrant, working-class family, as one of seven sons, I was exposed early on to the American dream that if you work hard enough, you can be whatever you want to be. Because of that belief, I focused for the first twenty years of my career on executive development and I consciously avoided selection topics.

I am grateful to the Center for Creative Leadership, and most recently to Walter W. Tornow, for the opportunity to broaden my professional perspective. To fully understand how best to mobilize leadership teams in these turbulent and competitive times requires pushing back the frontiers of knowledge on both selection and development issues.

The Executive Selection Conference Working Group—Walter W. Tornow, chair; Robert C. Dorn, Martha Hughes-James, and Marian N. Ruderman—was an example of how the Center works at its best. It has been a privilege and a pleasure learning from those individuals. Martha Hughes-James deserves particular notice. She embodies the work ethic that makes accomplishing the extraordinary a daily experience. In addition, both Carol DeVries and Martin Wilcox have given generously of their time in editing this text.

Introduction

Given the uneven performance of organizations today, there is a growing sense that our most talented people are not finding their way into senior decision-making roles. Consequently, it is often asked, "How can we better select the executives we need to run our organizations?"

In 1992 the Center for Creative Leadership began an effort to answer this question. As a first step, a conference was held in Greensboro on November 3, 4, and 5, 1992. It brought together a diverse constituency—researchers, human resource executives, executive recruiters, and practicing executives—to discuss the key issues, challenges, and trends in executive selection. Prior to the conference, as a stimulus to discussion, the conference working group circulated among participants a paper that I had written that reviewed the state of the field. The conference sessions naturally generated a number of insights and ideas not contained there. What follows is an expanded and sharpened version of that paper.

Like its forerunner, this report is meant for the diverse audience concerned with executive selection. Its purpose is to provide a context for a wide discussion of the issue. In particular, I hope it will help build bridges between behavioral scientists (the principal group that is researching executive selection) and the people on the front line responsible for developing and selecting executives in their organizations. In order to do this, I will seek not only to say what is known but also to raise questions that address what is not known. Understanding executive selection requires both.

Following a brief look at the realities of organizational performance that have led to the growing interest in executive selection, I will present an overview, in the form of nine observations, of our current understanding of it. I will then explore each of these observations in depth, raising questions, making comments, and surveying the relevant literature. I will close with a series of recommendations for how executive selection can be improved.

I have also included three appendices: Appendix A lists the principal conference speakers (and their organizational affiliations); Appendix B is a discussion of the terminology associated with executive selection; and Appendix C raises key questions for each of the observations.

Performance and Executive Selection

In the world of the Fortune 500, the performance of executives and their organizations is receiving great scrutiny. These corporations have historically driven the growth in America's jobs and wealth. Yet in the recent economic boom from 1983 to 1988, a time during which 14 million new jobs were created in the U.S., employment by the Fortune 500 decreased by 1.3 million. In 1991 the profits of the Fortune 500 were disastrous, falling 41% from the previous year, with more than 20% of the companies losing money ("It Was the Worst of Years," 1992). The track record of our executive teams in turning the formidable assets of these companies into profits has been mixed at best.

This uneven performance has led to disaffection within corporations. Historically, middle managers, when polled, were loyal supporters of their corporations and the directions initiated by their bosses. But in a recently published poll of 6,600 managers taken by the Hay Group, positive attitudes toward senior management fell to 38%, compared to 55% from polls taken between 1985 and 1987. As one might expect, even fewer professional, technical, and hourly employees held positive views ("Labor Letter," 1992).

Very recently, the senior executive team of one of the great bastions of American capitalism—General Motors—incurred an unprecedented vote of no confidence from its board of directors. After only twenty-seven months in office as chairman and CEO, Robert Stempel resigned under fire from his board. With him went many of his team. As *The Wall Street Journal* states, "Mr. Stempel . . . is a competent manager who inspired strong loyalty in his staff. His grooming by the ponderous GM management system was thorough and meticulous" (Bennett, 1992). He and his team were held accountable for a total loss of more than \$12 billion in 1990 and 1991 from their North American operations. Stempel was replaced by John F. Smith, Jr., who in turn promoted several others, all of whom came from outside the normal GM selection track. More specifically they built profitable GM operations in Europe, not North America. The role of chairman is, at least temporarily, occupied by John G. Smale, former chairman at Procter & Gamble, someone with no ties to the auto industry.

Disaffection by key stakeholders with the performance of senior executive teams goes beyond GM. The board of Goodyear went through a similar decision in 1991, bringing in an outsider, Stanley Gault (former CEO of Rubbermaid), to revitalize a company struggling to meet emerging competition. Some analysts say Gault brought "broad experience in

marketing, manufacturing and finance—a mix badly needed by Goodyear, where a ‘silo’ system [in which people work in a single function throughout their careers] produced executives skilled in only one area” (Rigdon, 1992).

The list of Fortune 500 corporations in which the performance of top management is not considered satisfactory is growing. The requested departure of John Akers at IBM and the questionable support of Kay Whitmore at Eastman Kodak are but two examples. IBM is even more interesting because of the replacement of Mr. Akers with Louis V. Gerstner, a decidedly non-IBM successor. In fact Mr. Gerstner does not even come from the same industry (his prior job was Chairman and CEO at RJR Nabisco). In so many of these corporations, systematic selection of managers was a hallmark of their management strategies. They have some visible and talked-about succession systems. Yet selection for key positions failed them.

These examples reflect a much-talked-about reality among those responsible for selecting senior executives: achieving a 50% success rate in hiring for these positions is considered the norm; in fact it may be about as good as it gets. Although this statistic has not been scientifically documented, it is supported by the numerous examples of corporations picking talented people who do not seem right for the current (and formidable) challenges of a specific executive job.

For our major institutions to stay vital into the twenty-first century, all contributors will need to continuously strengthen their performance, and this must be led by our senior executives. At this point, however, it is not clear that we have selected senior decision-makers who can show us the way into that future.

The exciting new-product and service ideas which create jobs and wealth are coming increasingly from outside the Fortune 500. The massive downsizing in corporate America at the managerial ranks may be changing history. “Corporate refugees are finding new homelands—and like other immigrants before them, reinvigorating those homelands” (Nussbaum et al., 1993). Selecting the best possible talent to run their organizations in the future is often mentioned by CEOs of our major corporations as one of their most important tasks.

An Overview of the Current Understanding of Executive Selection

There is a pressing need to summarize what is known and unknown about how we can best select people for senior-level leadership roles. Having reviewed the published literature and taken part in the give-and-take of the conference, I will attempt to do this in the following pages. The nine observations that I will present have been shaped by three core questions: What do we know about how to best select executives? What progress do we see in how selection is actually done in our organizations? What steps might we take to improve our understanding of executive selection? Here are our observations:

1. After thirty years of research on personnel selection we have learned much that could help increase the odds of picking successful executives. The cumulative lessons learned from two other activity streams—executive search firms and innovative practice—are less clear but potentially rich.
2. Corporate executives are not using personnel selection tools. In fact, those people who select senior executives have basically ignored the decades of research on personnel selection. There have been few attempts to determine which selection processes work best. Old practices continue to be blindly followed.
3. Selection of executives in our organizations will not be significantly improved until we learn to employ a holistic, context-rich look at the corporation (within which the job is embedded), the job, and the candidates (who they are and what experiences they have had).
4. Selection of executives in our organizations will not be significantly improved until both scholars and practitioners stop perpetuating the false distinction between selection (focusing on who the individual is) and development (focusing on what on-the-job and classroom experiences have shaped the individual). Clearly, successful executives are both born and bred. Our selection decisions can be greatly informed, and the depth of the candidate pool can be increased, by maximizing the opportunities for managerial growth throughout the careers of all candidates.
5. Selection of executives in our organizations will not be significantly improved until we stop measuring our success rate by using undifferentiated indicators of the person's success in making it up the corporate ladder. We must develop more accurate and detailed measures of how executives perform, not simply relying on whether they are seen as successful by other senior executives.

6. While executive selection requires predicting how people will lead into the twenty-first century, we use models based on success in the 1970s. Some corporations are making breakthroughs in how they select at entry levels. Our selection of executives must change in equally exciting ways.

7. Prior studies of executive selection have assumed that the candidates being reviewed are all internal to the organization. Yet corporations are increasingly looking to candidates from the outside, particularly for senior roles and at those critical times when they need a change in corporate direction. It appears the dynamics of such selections are much riskier for both the external candidate and the hiring organization.

8. We can learn much about executive selection by better understanding why it excludes women and people of color. Only then will our organizations get the requisite diversity of leadership required to succeed in the future.

9. There is a sense of ennui, among both behavioral scientists and some practitioners, about the work done to date in executive selection. There is also a sense that different parts of the selection community are talking past each other, often speaking in strange and foreign tongues. There are specific steps both communities can take to reduce the babble and get on with tackling an issue critical to our society.

In the remainder of this report, I will use these observations to frame key executive-selection issues. This review focuses on executive selection in large (often Fortune 500) corporations. Typically the research I report is done on North American firms, but where possible, I also share work done on executives in other cultures.

Observation 1

After thirty years of research on personnel selection we have learned much that could help increase the odds of picking successful executives. The cumulative lessons learned from two other activity streams—executive search firms and innovative practice—are less clear but potentially rich.

Since the early 1960s there have been major advances in the tools for selecting individuals to successfully occupy various organizational roles. We can trace these innovations along three separate strands: executive search, personnel selection, and innovative practice.

Executive Search

A relatively new service, the executive search, is being increasingly used in North America and worldwide. Provided both by large corporations with global coverage and more localized, specialized firms, it consists of a professional helping a client define the open position, determine compensation and title, specify the characteristics most desired in candidates, and find a suitable number of candidates to be interviewed (Kline, 1989). The search firm's professionals use a combination of methods, including interviews and some testing. The essence of the approach, however, is a seasoned, clinical judgment by the search firm. As outlined by Dieckmann & Associates (1993a, 1993b), the executive search consultant does more than identify and screen prospective candidates. He or she establishes trust with the candidate by never overselling the potential job situation. The consultant provides a communications bridge between the candidate and client in order to eliminate any misunderstanding between the two. When it comes time for delicate negotiations (for instance, over compensation), the consultant then acts as a buffer between the two parties. The consultant also educates the corporate client in many aspects of how to behave with a prospective candidate—including how to deal with the inertia that characterizes many effective executives (Why should I leave when I am having so much fun?), how to interview, and how to conduct reference checks in ways which build relationships and generate important data.

What is unclear is how much the criterion of leadership effectiveness is used by executive search firms. There is reason to believe that picking candidates who fit into the culture and who will be approved of by the key decision-maker are the principal criteria used. That is a step away from picking leaders who are truly effective—that is, who add value and create focus. (This description of executive searches may be unfair. Unfortunately, there are few descriptions of how executive searches are actually conducted, and this limits the opportunity for debate.)

Sayre (1992) helped avoid a possible misperception when he pointed out that executive search firms are in the presentation business, not the executive selection business. That is, the consultant gives the client a list of prospective candidates. The client then interviews all or a subset of that list. The client (typically) also conducts reference checks on those individuals and then decides to whom the job will be offered and what the conditions of that offer will be. There is an active partnership with a clear division of labor between the client and the consultant.

This distinction is not meant to belittle in any way the role of the executive consultant. Rather, it shows that this approach to selection constitutes a partnership, one in which the client leads the process. The consultant plays certain technical roles and also (the importance of this cannot be overestimated) educates the client on how best to collect key data on the candidates and build the strongest, most positive relationships with them. The consultant, in effect, treats both the candidate and the hiring executive as clients; if either gets disaffected or draws false conclusions, a wise choice will not be possible.

There is little if any documentation of the validity of executive search in the public literature. The track records of growth in this business and the number of repeat clients are strong testimony to the perceived added value of this service. The profession experienced great growth in the 1980s. Lester Korn estimated a growth of 130% for the industry in the first five years of that decade (Cowherd, 1986). These executive search firms do tend to focus on the managerial population of interest to this review—namely, senior executives in mid- to large-sized organizations.

We need help in finding documentation in the public domain on the effectiveness of these executive searches. There are no evaluations of when and how these searches improve the caliber of leadership in client organizations. In fact, some skeptics believe that we will not be able to get anyone from the executive search community to share experiences and methods. Perhaps such knowledge constitutes their competitive advantage. I trust not.

What evidence we have is indirect. Dieckmann & Associates (1993a, 1993b) reported a survey of its clients over the past decade: 56% of the clients (from 1981-1991) responded, representing 47 organizations. They highly rated the performance of all executives placed; 54% said the person was "unusually excellent" or "more productive than anticipated." Only 8% found the individual "less productive than anticipated." The people who were placed proved organizationally stable; 63% were still with the employer. Of those hired between 1981 and 1986, 64% received at least one promotion; of those placed between 1986 and 1991, 22% were promoted. These results should be placed in perspective. When asked how this particular search firm compared to others, 80% said "excellent" or "superior."

These results do not conclusively answer the question, "How effective are executive search firms at aiding the selection process?" They are, however, an impressive beginning.

Cox (1986) surveyed over 1,000 executives and middle managers from 13 U.S. corporations representing service, consumer, and industrial sectors. The executives were slightly more impressed with candidates nominated by a search firm than with candidates nominated by their corporation's personnel department.

Other evidence comes from our conversations with CEOs who appear to be increasingly comfortable with using search firms to fill leadership roles in areas of expertise not currently found in their organizations. There appears to be an increasing specialization within the executive search industry, with firms developing expertise with specific populations. CEOs find that such expertise adds to the value of the executive search firms.

Both Dieckmann & Associates and Cox have suggested a fairly high level of perceived success in selections aided by executive search firms. These numbers are more impressive when you consider, as pointed out by Lee (1992) in a survey of nine executive selection professionals, how difficult life is for an external candidate. He noted that such external searches are increasingly used for problematic jobs, ones that require quick fixes or a substantial change in direction for an entire firm or part of a firm, and that clients therefore have high, short-term expectations of rather dramatic results. If this is true, that standards are noticeably higher for candidates with which search firms are involved, then their success rate is even more impressive.

Tragash (1992) suggested one basis for the perceived value of the executive search method. The method, particularly when compared with personnel selection tools, may have a methodological edge over researchers. Executive search firms use a more holistic, situation-based approach when compared to selection research, which uses a more analytic and person-based approach. If leadership effectiveness is a function of the match among the individual, the job, and the organization, then executive search professionals are better positioned to understand that match. Additionally, executive search firms are subjected directly to the market forces. If their clients do not find the candidate pool they provide viable, they receive immediate feedback. This market dynamic probably accelerates their learning curve.

This professional group is popularly known as "headhunters." Executives often seem to have an ambivalence toward them, suspecting that the consultant's loyalty is principally to the client organization. It may also be that the methods of executive search engender a distrust that comes from ignorance of how and why this professional service proceeds. This perception is an obstacle for the profession. There are likely

many talented prospective candidates who exclude themselves from even entering the pool because of their attitude toward headhunters.

Personnel Selection

The second approach has its roots in industrial psychology, beginning with the massive selection required for the buildup of the U.S. Armed Forces in World War II. In its first three decades this work focused on selecting and matching individuals for entry-level jobs. Psychologists began with tests of individual capacities (for example, measures of intelligence). The task at hand was to assess the job applicants on a variety of personal dimensions and pick the subset who were most likely to succeed in the job. The particular combination of tests and interview questions used was guided in part by an up-front analysis of the core responsibilities of the open jobs and the skills needed to meet those responsibilities. As noted in Campbell, Dunnette, Lawler, and Weick (1970), these predictions proved far better than chance and resulted in noticeable improvements in the quality of the performance of the new hires; this improvement in prediction lasted over the years and across promotions up the ladder. These tools of selecting from among raw recruits allowed this country to fill thousands of demanding military roles very quickly.

In the past two decades personnel selection has been extended to include selecting for managerial roles as well, although typically for first-level or middle-management roles. Few studies have focused on selecting for executive-level roles. What have we learned about selection of managers from this approach, building on the insights generated by industrial psychologists?

We can predict fifteen to twenty years in advance, with some success, who will go far in their managerial careers and who won't (Clark & Clark, 1990; Gaugler, Rosenthal, Thornton, & Bentson, 1985; Schmidt, Ones, & Hunter, 1992). The strongest predictors come from a combination of personal qualities and job experiences. This predictive power is typically described in the form of a correlation coefficient, yielding a correlation of between .30 and .55 across many studies. What is typically being predicted is some measure of managerial success, defined by some combination of promotion rate, effectiveness in the role (rated by some senior executive), and salary. This constitutes a major limitation, in that what is predicted (with some strength) is subsequent success of the individual in moving up the ranks. At best, this is an indirect measure of how powerful a leader the individual is in creating a high-performing, robust team or organization.

A sample of three studies spanning the past thirty years supports the predictive power of some combination of measures of key traits and personal history. Bentz (1990) reported a study with Sears showing predictions of .54 for an extensive battery of psychological tests, using a twenty-year time frame. Sparks (1990) also conducted one of the early (1950s) predictive studies of managerial effectiveness at what is now Exxon. His collection of tests administered early in a manager's tenure with the company yielded a predictive power of .58 for subsequent managerial success (over twelve years) for white males.

Another study (considered a classic in the field), conducted over several decades at AT&T, showed predictive results comparable to those at Sears and Exxon (Howard & Bray, 1988). The AT&T study also yielded an additional provocative finding: A combination of certain traits and subsequent experiences, which shaped the managers over their careers, was required for managerial success. Without those challenging leadership experiences, talented young managers might atrophy or not mature as leaders.

The field has developed a wide array of predictors of managerial success, with varying degrees of predictive strength (for a superb review see Robertson & Iles, 1988; other useful reviews include Hunter & Hunter, 1984; Schmidt et al., 1992; and Schmitt, Gooding, Noe, & Kirsch, 1984). I will briefly review the various clusters and the value of each. Keep in mind that none of these has been specifically validated for the executive-level roles on which we are focusing. It would be useful for the reader to ask how likely it is for each of these to predict for executive-level posts in particular.

Past-oriented predictors. Background interviews or references that reflect on how the person has done in the past are the most frequently used methods of collecting data points for the selection of employees. Although interviews take many different forms, they do tend to capture prior and existing work experiences (for example, title, nature of work, length of tenure, principal job challenges, and reasons for moving on) and orientation to work (such as liking to work independently or to take on multiple projects). Such predictors have often been dismissed by personnel-selection researchers as having little validity. That view has changed in the past few years, with recent surveys of empirical studies that used interviews to predict subsequent success showing correlations in the low .40s (McDaniel, Whetzel, Schmidt, Hunter, & Russell, 1990; Wiesner & Cronshaw, 1988). This is true even for relatively unstructured interviews (McDaniel et al., 1990).

Biodata (comprehensive lists of biographical data on the individual, such as early work experiences or indicators of academic success) have stronger validity. In fact, a recent study (Russell, 1990) suggested that such biodata can predict subsequent contribution to fiscal performance in upper-level management positions, a feat not often documented in this literature.

The "accomplishment record" form of biodata has the highest level of predictive power (Hough, 1984). Hough was able to demystify this field, moving away from asking interviewees questions whose relevance to the job was not obvious. Rather, she defined a core set of behaviors required to do well at the job in question (for instance, "using knowledge" or "planning and organizing"). A full definition of the behavior was given to the interviewee, and that person was then asked to give a general statement of what he or she had accomplished in that area, a precise description of what exactly was done, the time period when this was done, any formal recognition of the achievement (citations, awards, and so on), and the name and address of the person who could verify this information. This line of research supports the maxim that the best predictor of future performance is past behavior.

Present indicators. Here the focus is on the skills and perspectives that are brought to any potential job. Tests of cognitive functioning have well-established, if modest, predictive power. The idea of capturing tacit knowledge (an applied form of intelligence—or street smarts) seems promising as a predictor of executive success (Sternberg, 1990; Wagner & Sternberg, 1990).

Jacobs and Jaques (1990) reported on the intriguing work over the past decade of Eliot Jaques. Jaques has developed a two-hour individual-assessment interview, the Career Path Appreciation (CPA), designed to measure a person's skill at thinking and problem solving. Jaques has also developed a well-articulated theory that shows how the conceptual demands on leaders become more complex as they move into more senior leadership roles.

The CPA is a procedure that captures a person's "capability," defined on four dimensions (Stamp, 1992): (1) current capacity to make effective decisions in the face of uncertainties and complexities that are intrinsic to a particular level of work—what you do when you don't and can't know what to do; (2) likely rate of growth of that capability in the future; (3) preferred approach to gathering information to support decision making; and (4) capacity to make the provision for others to be effective decision-makers.

The CPA also maps out the demands of working roles along seven distinct levels, with the time horizon for which the person is accountable becoming longer as one goes from the first to the seventh level. The level of judgment required to take wise action increases accordingly. Jaques' model captures much more than IQ. It measures several capacities (for instance, intelligence, judgment, and the ability to learn) and links the resulting composite to a required matrix of skills for jobs at any of seven different levels.

Stamp (1988) used the CPA with several (albeit small) samples of executives and has showed strong correlations (in the low .70s) of scores on the CPA and the eventual organizational level to which the executive was promoted. These skills may actually be more, not less, relevant to predicting success the further one goes up the organizational ladder (Stamp, 1992). The results of Stamp, while validated across several samples, still need further cross-validation.

Personality tests also seem to have more validity as one moves into more responsible managerial levels. Schmidt et al. (1992) pointed to a renewed interest in the past few years in personality factors as predictors of managerial success. They cited work by Digman (1990) on a five-factor theory of personality (extraversion/introversion; agreeableness; conscientiousness; neuroticism; and intellect) with relatively strong predictive power for managerial success.

Goldberg (1993) has contended that five dimensions of the human personality increasingly appear in all major personality work to date: surgency or extraversion (talkative, assertive, high activity level); agreeableness (kind, trustworthy, warm); conscientiousness (thorough, reliable, organized); emotional stability (calm, not moody); and openness to experience (imaginative, curious, creative). Goldberg suggested that such data on job candidates would give much added predictive power over that of measures of intelligence.

Work-sample tests (asking the candidate to do a subset of work in the position for which he or she is being reviewed) also have impressive predictive power (Robertson & Iles, 1988).

Assessment centers are the culmination of all the present indicators. What is an assessment center? As the classic text in this field indicates, it is "a comprehensive, standardized procedure in which multiple assessment techniques such as situational exercises and job simulations (i.e., business games and discussion groups) are used to evaluate individual employees for various purposes. A number of trained management evaluators, who are not in a direct supervisory capacity over the participants, conduct the assessment and make recommenda-

tions regarding the management potential and developmental needs of the participants. Results of the assessment are communicated to higher management and can be used for personnel decisions involving such things as promotions, transfers, and career planning" (Thornton & Byham, 1982, p. 1).

Assessment centers tend to focus on selecting individuals with management potential for beginning or, at most, mid-level management jobs in organizations. Howard (1992), in discussing the world's principal purveyor of assessment centers, Development Dimensions, Inc., reported that this consulting firm alone has over 700 organizational clients. Clearly this is a widely used tool for selecting people.

There have been many studies of the validity of assessment centers. Gaugler et al. (1985) reviewed 50 empirical studies and calculated an average validity of .37 with a variance of .017. Others (Robertson & Iles, 1988) reported an average of .41 across a large number of studies. Clearly assessment centers give a good, but limited, basis for predicting future managerial success. Assessment centers do have their detractors, however, and I will explore this theme later.

In case you were wondering if any predictors were found *not* to work, Schmidt et al. (1992) cited recent work on using graphology. It appears that analyses by trained experts of handwriting samples do not predict subsequent managerial success. Schmidt et al. also pointed out the irony that in spite of such lack of support, 85% of European firms and at least 3,000 U.S. firms use graphology in the selection process, and this use is increasing. Clark (1992), in a recent survey of practices in the U.K., cited a similar increase in use.

Future-oriented predictors. Work done in the early 1980s developed a technique in which the candidate is asked to state how certain "critical incidents" that are likely to occur in the new job would be handled (Latham, Saari, Purcell, & Campion, 1980). The responses to such questions have a remarkably high predictive validity, at least for the immediate job for which the person is being hired.

The predictors of managerial success developed by industrial psychology are not without controversy. The assessment center, which represents to some the pinnacle of the entire personnel-selection methodology, is an example of a method that, although powerful in its prediction of subsequent managerial success, has some troubling problems (Sackett, 1992). For the faint of heart, here is a brief summary. Assessment center methodology works well for predicting success in entry- or lower-level managerial jobs, particularly when all one seeks is a general comparison

of candidates within a large pool. Assessment centers may become a cumbersome, expensive, and intrusive tool with questionable predictive power for an in-depth comparison of a few candidates for a specific senior-executive job. Assessment centers constitute a superb tool but for a different cluster of organizational roles than those we are considering.

Another concern about assessment centers is their lack of construct validity (Sackett, 1987; Ryan & Sackett, 1987; Schneider & Schmitt, 1992). This means that if a job candidate scores high on "communication skills" on one exercise (remember assessment centers have candidates complete many different exercises), this in no way predicts how the candidate will do on "communications skills" on another exercise. It probably means the candidate did well on all the dimensions (including, for example, "decision making" and "energy level") on the first exercise.

Klimoski and Strickland (1977) uncovered another discouraging quality of assessment centers, in a study that looked at the role of line executives in observing the candidates and then making summary judgments of their promotability. They found that executives who were trained to look for a wide range of behaviors and traits brought out by the exercises appeared to use the same decision models as those executives who did not have the assessment center data. Both groups were selecting for the current organization and not with an idea of what it should become. In spite of all this, there are certainly some important lessons that the assessment center research can teach those concerned with executive selection.

Innovative Practice

In the 1980s in particular, corporations began to experiment with alternate ways to select executives. Some of these experiments are documented in a benchmarking study by Anthony J. Fresina & Associates (1987). The study, which looked at corporate programs designed to identify high-potential managers, included organizations that were attempting to define for the first time the core qualities (or competencies) of successful executives in the future. Candidates were measured on these dimensions, with feedback given first to the candidate and then to the organization on relative strengths and weaknesses and ways to grow.

Mel Sorcher (1985) is a rare example of an industrial psychologist sharing intensive reviews of how companies can make informed executive-selection decisions. Sorcher has had a long career of working with executive selection at General Electric and Richardson-Vicks. In his 1985 book he cited examples of how IBM, AT&T, Chase Manhattan, and Rubbermaid select their CEOs on down. He outlined decision

processes that appear to focus on the best candidate. There is little reference to the formal prediction instruments cited earlier in this review (for instance, personality tests). Rather, Sorcher listed detailed questions executives might ask their candidates, reflecting on past executive experiences and core qualities. Sorcher helps educate senior executives by giving them a language, in particular for what Mattis (1992) calls the "soft side" of leadership, namely personal qualities and the behavioral side of leadership. Mattis is a CEO who recognizes the ability of executives to evaluate technical and business-related accomplishments. But, as he has said, "Soft is hard for line executives."

Sorcher (1985) has also cited processes for winnowing down candidates and integrating the new incumbent once he or she is chosen. That is, Sorcher focuses more on the organizational process of selecting (for example, beginning with a clear sense of the emerging challenges of the open job) than on the specific methods for measuring candidate A versus candidate B. Sorcher (1992) has more recently taken the field of personnel research to task for constantly trying to find more valid selection tools. He described that pursuit as "being a search for the holy grail."

An even more comprehensive look at informed executive selection systems is contained in a book by Frombrun, Tichy, and Devanna (1984), entitled *Strategic Human Resource Management*. The authors set the stage for examining specific innovative staffing systems by creating a model outlining the central role human resource systems play in helping an executive team achieve its goals. They then cited the details of executive selection systems at Exxon, General Motors, Hewlett-Packard, General Electric, and Honeywell. They focused on the last two and even interviewed the CEOs of these corporations on the role of selection and development of managers in moving their organizations ahead.

This book leaves one with several impressions. First, the process of selection (in particular the commitment of quality executive time to systematically evaluating emerging corporate needs and talent pools) is more important than using specific personnel selection tools. Second, even in highly decentralized corporations, senior management holds closely the right to decide selection of leadership roles in the various business units, in order to create leaders with broad-based experience. Third, the authors of this rather complete look at innovative executive selection have completely ignored the work on personnel selection.

Sayre (1992) has shared a model used for executive selection at First Bank Systems, Inc. (FBS). He states the quality of effort exerted on this question overall is shaped by the level of responsibility taken by the

board for the CEO-succession issue. If the board defers, the overall selection process is taken less seriously on down the line.

He described a competency-based strategy for executive selection that seems to be finding increasing favor in North American corporations. At FBS planning for the futures of employees is based on the "Management Practices Model" competencies. The CEO and senior-management team annually review the top 2.5% of FBS executives. Before the meeting, managers rate themselves against the competency model (for instance, on decision-making ability) and list their career ambitions and obstacles to achievement.

Cambria Consultants (J. Jubelirer, personal communication, 1992) also have reported use of such a competency model as a road map for selecting executives for more responsible roles. The assumption here is that an organization's business strategy requires certain core skills and perspectives of each executive. The ideal is to evaluate and promote on those dimensions, whether it be "entrepreneurial," "innovative," or something else. Cambria is not alone in taking this approach—others also provide lists, or ways for clients to generate their own lists, of core skills and perspectives critical to executive success.

What is discouraging is how few examples I was able to find in the literature of innovative executive selection programs. Perhaps corporate executives believe this strategy is part of their competitive edge and should be proprietary. Equally plausible is the possibility that these selection processes are shrouded in secrecy, and the thought of sharing them with the public worries the executive. We need help in getting more of these cases to examine and share.

Interweaving the Three Strands

Thus far, we have examined the progress made in executive selection in three areas: executive search firms, personnel selection research, and innovative practice. Of these three strands, only personnel selection has shared results with the public in a way which allows us to create a cumulative knowledge base.

The lack of interchange between the personnel selection partisans and executive search advocates is unfortunate. One has a sense that as we move to selection at executive levels, some combination of clinical (read "intuitive and individualized") and more objective (read "standardized") methods could prove particularly powerful. Executive search professionals have become expert at some clinical methods (for instance, intensive background interviewing) which are being rediscovered by the personnel selection community. Personnel selection research has created some

user-friendly and value-added tools, such as the "accomplishment record" and the work by Latham on how a candidate would handle future "critical incidents." Both communities could benefit greatly from greater sharing.

The communication bridge between personnel selection and senior executives responsible for executive selection is not richly travelled either. In fact, that brings us to the second observation.

Observation 2

Corporate executives are not using personnel selection tools. In fact, those people who select senior executives have basically ignored the decades of research on personnel selection. There have been few attempts to determine which selection processes work best. Old practices continue to be blindly followed.

In an exhaustive study of managerial selection two decades ago, Campbell et al. (1970, pp. 471-472) concluded: "We are struck by the marked disparity between what is researched and what is used in practice." If only things were different today!

Although surveys of selection practices are rare and incomplete, there appears to be little movement toward more systematic selection of executives in moderate- to large-sized organizations. One example comes from a survey by Robertson and Makin (1986) of 108 organizations in the United Kingdom. They showed that interviews and references (two of the least powerful predictors) were always used by 81% and 67% of the respondents, respectively. In contrast, assessment centers, cognitive tests, and biodata (three of the strongest predictors) were never used by over 70% of the firms surveyed. The authors note that "anecdotal evidence suggests that similar conclusions would apply in other countries though we could not trace any published work."

Clark (1992) surveyed the executive selection practices of 55 of the *Times 100* U.K. companies, and found that interviews and references were always used but that psychological tests and biodata were seldom or never used. His more contemporary results support those of Robertson and Makin.

As I stated earlier, one benchmarking study was conducted in the U.S. Anthony Fresina & Associates (1987) conducted telephone interviews with human resource professionals in 225 large- and mid-sized corporations across 10 industries (the response rate was 52%). It was found that 70% of these corporations identified high-potential managers

but not all used the results for succession planning. How were such managers selected to be high-potential managers? Typically, it involved the immediate supervisor giving a recommendation (based on past performance and potential) to some standing corporate committee (in 73% of the cases). In only 36% were assessment centers or other personnel selection tools used. In spite of decades of research supporting the predictive power of such tools, even the organizations that are committed to identifying executive talent in their ranks tend not to employ them.

Another survey of U.S. firms (Hammer & Kleiman, 1988) found that only 7% had ever used biodata in employment decisions, and only 0.4% currently used biodata scales. Yet biodata constitute one of the easiest of the personnel selection tools to use. They also have shown great predictive power.

Sonnenfeld (1992) is conducting an ongoing survey of top-management teams from U.S.-based firms. To date he has sampled over 250 firms and has seen a naturally occurring variety in "career systems." He clusters organizations, even entire industry groups, along two dimensions: (1) supply flow (Does the firm fill roles primarily from internal candidates, or do they use more external sources?) and (2) assignment flow (Does the firm promote primarily on the basis of the person contributing to the group or making a clearly differentiated individual contribution?).

Sonnenfeld has found industrial groups all over this two-by-two matrix. A retail firm, for example, is likely to be what he terms a *fortress*, with a relatively high use of external talent, assessed on group contributions. A pharmaceutical firm, by contrast, is likely to be an *academy*—that is, it would probably promote from within and promote on the basis of clearly marked individual contribution.

He has outlined how each of these unique selection strategies is related to their competitive environment and how each has a unique profile of strengths and weaknesses. Sonnenfeld does not prescribe a normative selection approach but rather appreciates the variability of approaches used.

A survey closer to home for industrial/organizational psychologists was reported by Ryan and Sackett (1987). They surveyed 163 psychologists who conduct individual assessments of managerial candidates, typically for a corporate client. Of the positions they selected for, 25% were typically "upper management" positions. An interesting profile of what techniques they used emerges. The most frequently used tool was interviewing the candidate (94%), followed by ability tests (78%) and personality tests (78%); simulation exercises (perfected in the assessment

center) were the least used (38%). When asked how they combine information, 56% said the process was purely judgmental (a combination of impressions from test scores and interview responses). When asked if they empirically validated the assessment process they used, 18% said "always" and 26% said "often." In addition, only 40% said they conduct some kind of formal job analysis before interviewing candidates.

Ryan and Sackett were chagrined that their fellow psychologists, despite thirty years of personnel-selection research, seemed to be following many of the practices of their corporate clients—using informal measures with few checks on subjective judgments. They pointed out that the research of Miner (1970) was apparently being ignored.

Miner found that, for a group of six psychologists who were assessing managers, the primary source of variability in ratings was the individual psychologist rather than the standards by which a particular firm was evaluating candidates.

Clark (1992) surveyed over 350 of the 820 executive-search consultancies in the United Kingdom and found "widespread use of selection methods with low validities." Specifically, 100% used interviews, while 81% used references; 11% used biodata, and 45% used psychological testing. He suggested three plausible reasons why the least validated tools are by far the most used: (1) Consultants are not trained in, or comfortable with, some of the psychological tests, much less the full-blown assessment center, and they are not likely to subcontract the administration of such tests to a third party and give up control of the process; (2) as intermediaries between employers and candidates, consultants seek to increase the confidence of candidates in the selection process by using techniques with high face validities such as the interview; they also do not want to distance themselves from candidates through use of impersonal selection devices; (3) consultants are looking at how suitable the candidate is for the culture of the hiring organization, and the issue of fit is best assessed in a personal, partly clinical, fashion in which a less structured interview is most appropriate.

These studies raise the question: If the selection decision is so difficult and if we have proven technologies, why is there not more widespread adoption of these technologies?

Lester Korn has described senior executives as being defensive about examining how selection is made at the executive-suite level and how it could be improved. Lamb (1987), who studied a sample of CEOs, cited secession as one of three core issues (the other two are takeover attempts or defense and overseas opportunities) in which their personal predilections dominate. That is, their cast of mind, prejudices, and

desires strongly influence what decisions actually get made. Executive succession is such a powerful issue that asking the CEO to be dispassionate about it, to learn from other approaches, might be asking too much.

Another problem is that much of the work in personnel selection has been based on a mass-production model not likely relevant to executive roles (Sackett, 1992). Typically, it has involved selecting from among many candidates for a generic job, a job occupied by many previous incumbents and one characterized by stability over the years. That is, it takes the job for granted, focusing on the predictors (what you ask in the interview) and ignoring tough questions such as, "What must the future incumbent of this job do to succeed over the next five years?" (Sackett, 1992).

Personnel selection has also assumed it is legitimate to hand over much of the work of identifying candidates to the professionals—psychologists or their surrogates. Psychologists know much about differences in how people think and act. They probably do not know much about the specific job, the organization, and industry within which it is embedded. One lesson the executive search firms have learned is how essential it is to know the industry that the job is a part of. In fact, Lester Korn has said that this has been a driving force in the evolution of the executive search industry, with increasing numbers of firms focusing on one or a small subset of industries (Cowherd, 1986).

The assumptions behind personnel selection methods often do not correspond to the realities many organizations face as they select executives. It is one reason why even the psychologists surveyed by Ryan and Sackett (1987) did not report using most of their profession's findings when they conducted assessments of managerial candidates. In reality these selections are often one of a kind, and senior management wants to (and should) play a key role in evaluating and selecting these candidates.

As Clark (1992) has pointed out, the selection process involves building a positive relationship, one characterized by increasing trust between the two partners. Executive search consultants act as a bridge (Dieckmann & Associates, 1993a, 1993b) between the two players. Tools that strengthen that relationship are more likely to be used; those that strain it will be avoided. That may be why many of the more stylized instruments, which put the candidate on stage or in the hot seat, are avoided.

Another reason for the infrequent use of these proven personnel selection tools is that they are not easy to use. This was pointed out by Thornton and Byham (1982) in their evaluations of five different ways to evaluate managerial clients. Although they are partisans of assessment

centers, they indicated that such centers fail on all four criteria for their category "practical considerations": ease of implementation, ease of operation, cost of operation, and amount of time to train evaluators.

As Sonnenfeld (1988) has shown, organizations approach executive selection with remarkably different assumptions. What kinds of prior experiences are most heavily weighted and whether one focuses on external or internal talent are driven not by selection research findings but rather by business necessities and corporate culture.

The personnel-selection approach treats the selection question in isolation. In reality, executive selection is a single frame taken arbitrarily from a highly interactive video that records the actor in multiple situations over time. It is part of an ongoing process of assignments and choices. I will touch on this later in this report.

In summary, we are struggling with the fact that little use has been made of the decades of lessons we have had about how to select validly for executive leadership roles. In fact, the most popular tools seem to be those with the lowest validity.

Observation 3

Selection of executives in our organizations will not be significantly improved until we learn to employ a holistic, context-rich look at the corporation (within which the job is embedded), the job, and the candidates (who they are and what experiences they have had).

A major theme in the past decade in managerial selection literature has been the key role that organizational context plays (Ruderman, 1991; Ruderman & Ohlott, 1990; Tragash, 1992). This literature helps us understand the fuller process in which a given selection choice is made. It suggests that many factors other than candidates' scores on objective measures of competencies weigh heavily on the decision to promote or not. This look at the organizational context in which selection plays out yields such points as the following: Line-management leadership is critical; selection decisions fit into the larger "architecture" of management strategy; the core beliefs of candidates are critical; organizations differ profoundly and appropriately in how they select; being a team player is essential; and the selection of CEOs is anything but predictable.

Line-management Leadership Is Critical

Firms with superior leadership tend to: permit line management (typically at the corporate officer level) to lead in selection and recruiting of talent; create a maximum number of challenging leadership opportunities (in part by decentralization of decisions); and work to make younger managers as visible as possible to senior leadership (Kotter, 1988). An extensive survey of executive succession in 235 firms by Friedman (1986) supports these points and in fact goes further. In organizations where succession systems were, as they say, owned by the human resource staff, there was a negative correlation with financial performance of the organization.

Hall (1986) reported a case study of contrasting uses of executive selection in two corporations. He concluded that where executive selection is not effective there is too much emphasis by the human resource professionals on "the safer but lower impact approach: they focus on the inner details of the process, such as assessment methods and ratings systems. This stress on developing excellent succession details may produce an elegant overall failure" (p. 242). He argued for strong senior-line-management control of the selection process and for linking the selection to the core issues and directions being faced by the organization.

These studies suggest that handing over many of the executive selection decisions to "professionals" may weaken and isolate the process. This is a strong irony: The more we get what we (as human resource professionals) wish for, the less viable the selection process!

Selection Decisions Fit into the Larger "Architecture" of Management Strategy

The biggest obstacle to picking executives wisely might be the failure of senior leadership to think through what a particular job requires, especially if it is new. It may demand some new and different behaviors, not simply an extrapolation of what the person did to get the promotion (Drucker, 1985). This suggests that focusing on a detailed profile of the person's skills must be complemented by a serious perspective on the strategic challenges of the job and how the job fits into the team's mandate. Sorcher (1985) certainly has supported this approach and noted that it is another reason why senior executives must drive the process. To pick wisely is to understand in detail both the job and the candidate.

Tragash (1992) has taken this theme even further. He said that "the customers [of formal selection research methods] simply do not see

scientific selection as explaining enough variance." He argued for more of a systems approach to the selection process. To date the selection tools generated "have been uni-dimensional because they were person-focused." This approach has not tested leadership behavior under a wide range of conditions and over time. He compared an approach used by some Japanese in which a person is assessed "in multiple situations, measured over time and with a fairly stable set of observers."

Tragash then explained the current popularity of executive search methods by using an architectural analogue. Personnel research methods have yielded a drawing of the front facade of the building. The executive search consultant creates more of a two-dimensional drawing, including a landscape plan. It is done by being holistic and situation-based, in contrast to the analytic and person-based approach of the personnel researcher. Tragash gave a powerful example of a desired executive profile: "We will search the pharmaceutical industry for a person with 12-15 years of experience in public affairs, a person who has supervised people, is ethical, has high communication skills, can interact with many levels of people around the globe, can read a foreign language, has worked with government agencies, and can handle building a new company image." Until we see each leader's challenge as embedded in the total architecture of the organization's systems, the added value to the "customer" will be minimal.

Core Beliefs of Candidates Are Critical

As organizations get increasingly diffuse (for example, crossing national borders), one dimension of candidates seems to be of growing importance: the person's values. By values I mean the core set of beliefs the executive has acquired over a lifetime. The question here is whether the person shares basic values (such as the push for innovation or risk-taking) which will move the organization forward. Friedman (1986) found that agreement between an individual executive's values and espoused corporate values correlated positively with corporate financial success. These values are not typically measured in the personnel selection model. Andrew Pearson (1989), formerly President of PepsiCo, recently outlined some core values of outstanding general managers, including a "commitment to giving customers better value than what your competitors do." He argued for building management decisions around those core values, which are often difficult to measure.

It is possible that as one goes into the executive suite, where the accountabilities are less clear and often more abstract, leaders rely less on measurable qualities or results in selecting their successors. They may

focus more on perceived potential, effort contributed to date, and the core values of the candidates. This tendency is more pronounced in organizations in which fast-trackers have been allowed to move at such a pace that their job experiences are suspect (Derr, Jones, & Toomey, 1988; Ferris & King, 1991). A recently conducted poll of U.S. CEOs conducted by Korn/Ferry (a large executive search firm) and Columbia University indicated considerable emphasis on choosing leaders who internalize corporate culture, values, and goals (Hambrick, Fredrickson, Korn, & Ferry, 1989).

Knowledge-intensive organizations have always spent much time and care in selecting members. A recent survey of an accounting firm (Chatman, 1991) documented that detailed process. Those potential partners whose values were more aligned with that of their organization adapted to it more quickly. The firm also found that members whose values were more aligned with the firm's tended to be more satisfied and intended to, and in fact did, stay longer.

Sorcher (1985) also outlined values critical to executive success. He stated that we must assess for the compatibility of the candidate's values with those of the organization. Organizations in the midst of great change, however, are selecting more on the basis of incompatibility, at least for leaders who are being brought in to change the organization. The earlier mentioned examples of bringing forces for change at the CEO level (of Goodyear and FBS) focus as much on changing core values as anything else.

Marilyn Tam (1992) is an executive who, when hiring for her management team, has reminded us that "success of a hire comes from the soft side." Of the 22 factors she uses in assessing candidates, 17 are intangible, such as integrity, passion for the work, and heart. A key question she asks of each candidate is, "What makes you happy?" Clearly Ms. Tam has learned over the years that technical competence is more easily assessed. She treats that as a core threshold all candidates must pass to be taken seriously. Once that happens, the more challenging task is launched: assessing the particular constellation of values of each candidate.

Organizations Differ Profoundly and Appropriately in How They Select

It appears that although we know of some core predictors of executive success, there are profound differences in promotion systems across organizations. These appear linked in a useful way to organizations' goals, values, technology, and culture (Ruderman, 1991;

Sonnenfeld, 1992). A study of multiple organizations' selection of general managers (Guthrie & Olian, 1991) supports this. In fact the average age of selected general managers and their familiarity with the organization differed significantly across the organizations that differed on key strategic factors.

Being a Team Player Is Essential

In the future, selection of employees at all levels will follow more the example set by industrial sites managed with "sociotechnical" or "semi-autonomous work teams." As documented in Bowen, Ledford, and Nathan (1991), this often involves a clear up-front statement of the kind of culture and values one wants to have in the plant—something that goes far beyond simply analyzing the requirements of a particular job. It requires an intensive process of assessment, using personality measures, work-sample measures, and targeted interviews with a wide array of colleagues. The emphasis is on how this individual can fit into a specific interpersonal and task environment.

The incredible thing is that this large amount of investment in the selection process has been used for hiring people at the associate, or entry, level. It is a level of investment of time and thought that exceeds that usually invested in hiring a senior executive. This selection strategy is often felt to be essential in creating an effective work team in a high-involvement plant.

Smith (1992) is one CEO who increasingly looks for proven ability of candidates for senior-level jobs to contribute to the larger team. This involves complementing the existing team in terms of skills and background. Equally important, it involves being willing at times to subordinate one's own goals to that of the team. Smith has argued that we are looking at the wrong unit of analysis when we focus only on the individual. We should frame the challenge as hiring teams of executives.

The Selection of CEOs Is Anything But Predictable

The CEO position, in contrast to other executive roles, has received a great deal of attention with respect to selection. One common theme is how idiosyncratic selection of a CEO can be. Sonnenfeld (1989) has colorfully described four different models (monarch, general, ambassador, and governor) for selecting a CEO successor. He points out that each model has its own unique blend of strengths and weaknesses. It is not so clear to him, as it is to many personnel researchers, that there exists one uniquely appropriate model for succession. What is looked for and how the candidates are reviewed vary greatly under his models.

Kets de Vries (1988) has also given anecdotal evidence of how CEOs can undermine and introduce a competitive, even destructive, influence in the succession process, at times wishing for and enabling the early demise of the successor.

David Campbell (personal communication, 1992) has cited examples of CEOs who could not accept strong subordinates and intentionally picked weak successors. He also mentions an organization in which there were warring camps. As a result, only outside candidates were acceptable, in spite of the fact that superior candidates were available from within. Here the organization context reigns supreme in seemingly irrational and unfair ways.

Summary

All of this talk about context seems obvious to the people making the selections yet has largely been ignored until recently by those doing systematic research on executive selection. Clearly the early work on context is promising. The choice of who gets selected for an executive is (and I suspect should be) influenced profoundly by many things: the fit of the candidate with the corporation's key values, its strategic direction, and the likelihood of the candidate to complement and leverage the talents of the other team members, to name but a few. We must incorporate these factors into our basic models of what makes for an effective executive selection. We must look far beyond a detailed, unidimensional picture of one person—the hapless candidate.

Observation 4

Selection of executives in our organizations will not be significantly improved until both scholars and practitioners stop perpetuating the false distinction between selection (focusing on who the individual is) and development (focusing on what on-the-job and classroom experiences have shaped the individual). Clearly, successful executives are both born and bred. Our selection decisions can be greatly informed, and the depth of the candidate pool can be increased, by maximizing the opportunities for managerial growth throughout the careers of candidates.

Any look at the literature on executive selection yields the immediate impression of a great gulf between this work and the work on executive development or careers (which concentrates on how and on what dimensions the executive grows). Yet this flies in the face of what we

know about how executive talent is best used by organizations. Some even claim that selection *is* development (Hall, 1992)—that is, that they occur simultaneously. One of the best ways to develop or refine an executive's skills is to give that person a succession of demanding jobs (Richardson, 1992). At every stage in an executive's career selection decisions shape what kind of developmental challenges are presented. These ongoing challenges, typically through assignments that require a new constellation of skills, in turn improve the candidate's profile when being considered for future promotions.

Even the seminal work on executive development, *Managerial Lives in Transition*, by Howard and Bray (1988), inextricably linked the two themes of executive selection and development. This came from the reality that long-term success in AT&T was predicted by some combination of experiences and core talents of the individuals involved. The separation of selection research from the larger question of whether the qualities being measured are givens or are subject to growth through life experiences is unfortunate. There are some realities that will make this separation less likely in the future: the leveling phenomenon, the demise of the medical model, properly framing the selection question, and avoiding the perfect match.

The Leveling Phenomenon

As organizations become flatter, the opportunities for advancing in one's career through promotions to jobs with obviously greater responsibility have decreased dramatically. Interestingly enough, this flattening of organizations is occurring even in growth industries, such as telecommunications, where cuts of 15% to 30% in management ranks are typical. Selecting leaders for new growth experiences increasingly involves lateral moves. In that case the selection equation is often influenced by questions of what the leader needs to learn and whether a particular assignment might teach those lessons. This kind of decision is best informed by work traditionally done on the developmental side of our professions. It is an example of how an historical dichotomy between selection and development has become blurred.

Recent research suggests that job rotation is increasingly seen as a substantial opportunity for growth (Campion, Chaskin, & Stevens, 1991). In their empirical study of employees at various levels in a bank, Campion et al. found many beneficial effects of such rotations, as perceived by the individuals themselves. They saw more stimulating work, a greater awareness of corporate strategy, more self-awareness,

greater satisfaction with one's own career, and greater perceived chances for promotion from such a job change.

At what point is a rotation worth a promotion? Is it possible that a leader who was rotated across several functional roles (albeit at the same level) is better prepared for senior-executive success than a counterpart who received more promotions but all within the same function or business group? Lombardo (personal communication, 1992) has suggested that frequent rotation (for example, a six-month stint in a functional area, such as accounting) may result in a jack-of-all-trades and master of none. He provides a sober rejoinder to the presumed ability of rotational assignments to substitute for traditional promotions in teaching core executive perspectives. They may be of value but only if the person is required to apply those newly learned skills to a pressing issue.

McCall, Lombardo, and Morrison (1988), describing their research on executives, clearly stated how critical it is for subsequent executive effectiveness for one to have occupied a diversity of managerial roles. This diversity is not totally correlated with number or frequency of promotions. It has more to do with moves across problem domains, not just moves up the organizational ladder.

The Center, in its work with the Developmental Challenge ProfilesSM (DCP), has created a model and measurement technique for capturing the features of any managerial job that promote learning for the incumbent (Ohlott, McCauley, & Ruderman, 1993). Such data could greatly inform any executive selection decision.

The Demise of the Medical Model

Historically the candidates for possible promotion were intentionally kept in the dark. Often they never knew they were being considered for promotion. If they were told (usually because senior management wanted interview data), they were uninformed as to what specifically was being looked for in the candidates. Even in the intensive assessment center, an exercise which took several days of the person's life, feedback was minimal. This often resulted in the candidates having to guess whether they had made the cut, and if not, why not.

This "medical model" of treating the applicant as a naive subject is slowly changing and must change even more if the investment in selection is to pay off for both the organization and the individual. In fact, the decision to move into a new executive position is a mutual one, from which both the organization and the individual leader may (for good reasons) opt out. If a candidate is felt to be short on a specific kind of experience necessary for the job, it is in everyone's interest to give that

feedback and to plan for subsequent on-the-job experiences that might help develop those perspectives. The work of Hall (1989), McCall et al. (1988), and Byham (1990) can be of help in beginning to integrate these various perspectives.

The previously described selection system at FBS (Sayre, 1992) reflects an important step away from the medical model. Each of the top 2.5% of the managers was asked to rate themselves on dimensions and indicate their readiness to move into other roles. This is one corporate example in which the potential candidate is involved as an active partner, always being asked what he or she is doing (developmentally) to strengthen oneself for larger roles in the organization.

Properly Framing the Selection Question

As Ruderman and Ohlott (1990) stated, we can take two quite different strategies of executive selection—either seeing the talent glass as half empty or half full. Organizations are no longer in the position of being able to take a narrowing approach, one in which the talent pool quickly gets winnowed down early in the collective organizational life of their employees. They must seek to shape and expand the talents of all of their younger managers, assuming that there are major possibilities for growth in all of them.

Two strategies must be used to keep the talent pool as rich and deep as possible: (1) attract and promote the best and brightest, and (2) give those individuals as rich and varied a set of job challenges as possible. There is nothing more discouraging than to see an organization full of talented people have to go outside to select a senior leader because the developmental side of the equation was not attended to. The "silo" effect is an example of that omission: having a bevy of experienced executives but in very limited domains. As mentioned above, this apparently made the Goodyear board conclude it had to go outside the company to find an executive with a broad base of manufacturing and marketing experiences.

As work by Lombardo and Eichinger (1989) and Lombardo, Ruderman, and McCauley (1988) have suggested, qualities that prompt success at one point in a leader's career might actually become problems at a later stage. This reinforces the notion that fixing on the qualities of leaders early in their careers and assuming the importance of retaining these qualities is an unfortunate model. Even if a young leader is identified early in his or her career as having great potential for much greater responsibility, this should simply reinforce the importance of both the

manager and the organization aggressively investing on an ongoing basis in the individual's growth as a leader.

Avoiding the Perfect Match

Cox (1986) has stated strongly the dilemma inherent in using executive selection techniques to create the maximum fit between an individual executive and a job. He said that this comfortable fit works against the development of top-caliber executives on whom the corporation will depend down the road: "It may only serve to shelter executives from hostile or incompatible situations that good leaders eventually have to deal with. This type of activity actually fosters a kind of executive who can't deliver what modern-day corporations require. Leadership in corporations today demands broadly able, flexible, agile individuals" (p. 182).

There is a balance here that organizations must pursue between the goals of selection and development—that is, selecting an executive to a position for which he or she is optimally matched, while also making the new assignment developmental in the sense that it contains opportunity for additional growth and learning (optimizing the mismatch, as it were).

Kofodimos and Wall (1989) discussed the dangers in a company promoting only individuals into the executive suite whose style and skills are consistent with the overall corporate strategy. They reviewed the strengths of this approach but were more aware of the potential weaknesses, such as making the executive team blind to the potential downsides of a strategy. It also can prevent compensating for specific leadership perspectives that might be missing if too homogeneous a group is selected. For example, if a firm is pushing innovation in products and processes, it is dangerous to have absent in the executive suite advocates of managing existing systems in the most efficient way possible. Kofodimos and Wall argued that corporations should select a senior team characterized by a balanced and diverse style of leading. This creates a "leadership constellation" that doesn't select clones, people in the image of the current CEO.

Mattis (1992) has noted how organizations are increasingly selecting executives to create a developmental experience for the entire organization. That is, executives may be brought in, often from outside the organization, precisely because there is a mismatch. This person brings a strategic skill or perspective missing in the organization but critical to its success.

An extreme example of this is John Grundhofer, who was brought in as Chairman of FBS. FBS has suffered from high costs over the years,

and Mr. Grundhofer came from Wells Fargo, where he had earned the nickname of "Jack the Ripper" because of his ability to slash costs (Duff, 1993). In his first three years at FBS he has dismissed 2,000 employees (about 20% of the work force).

It is difficult to select an executive for a job in which there is a maximal stretch for the individual, while not creating such a great challenge that the organizational results suffer significantly. As executives become more willing to leave organizations to pursue better opportunities, this balance becomes more critical in retaining the truly talented and ambitious executives. They are likely to get bored and look elsewhere if they do not experience this maximal stretch.

This points to an issue identified by Campbell et al. (1970)—namely the paucity of research on the process of job choice among managers. In cases where there are too few qualified candidates for a senior role (often mentioned to us as a real dilemma by senior human-resource managers), the organization may need to sell the position to prospective candidates. This sell may be greatly strengthened if it can be shown to be a stretch for the aspiring executive.

Observation 5

Selection of executives in our organizations will not be significantly improved until we stop measuring our hit rate by using undifferentiated indicators of the person's success in making it up the corporate ladder. We must develop more accurate measures of how effective executives are, not simply relying on whether they are seen as successful by other senior executives.

The question framed by so much personnel selection research is, "What qualities predict promotion of individuals to the highest levels in organizations?" I join others (see Clark & Clark, 1990) in reframing the question as, "What qualities predict a strengthening of the collective performance for today and tomorrow?" We now have too many "successful" leaders in U.S. corporations who are not adding value and creating a stronger collective performance, certainly not beyond the current quarter of the fiscal year.

In a comprehensive review of the selection area over twenty years ago, Campbell et al. (1970, p. 108) noted that "criteria of managerial 'success' have consisted chiefly of global ratings, promotion rates, or corrected salary indexes." They found these insufficient as measures of individual effectiveness, much less organizational effectiveness. A

similar indictment of the field was made recently by Leonard Sayles (personal communication, 1992): "So much of the work on executive selection equates the individual executive's success with organizational effectiveness. This is a Western bias. Even if organizational outcomes are used, they may focus on the short-term profitability of the organization." As Sayles pointed out, short-term profitability "is so much a function of timing, luck, or how one does the numbers."

We should set our goals high. That is, we should improve executive selection in ways that create more effective organizational performance. For Sayles and others this settling for individual-success measures as substitutes for indicators of effectiveness makes much of the work in the field suspect.

Sackett (1992), in a comprehensive review of personnel selection research, has indicated that it is time for the field to become "performance-focused, not predictor-focused." By this he means it is time to turn some of the creative energy that has been focused on examining qualities of managerial candidates to understanding more clearly what we mean by effective performance of executives. That remains a large intellectual challenge.

One complexity in doing this was cited by Howard (1992), when she stated that we need to be cautious and distinguish individual performance from organizational effect. This distinction is particularly important when we come to the CEO level. Howard went into some of the previously unexplored parts of this terrain: (1) Given that organizational performance (or success) is multiply determined, how much accountability can we assign to the individual executive? (2) Given that senior executives lead for tomorrow as much as today, what is a reasonable time frame over which to measure their effects on the organization? (3) If a leader is brought in to change direction, is some initial chaos (reflected in various organizational success indicators) a likely (perhaps even necessary) first step in the process? If so, how long can this drop in some performance indicators be tolerated? (4) How long do we need to keep executives in jobs before we can reasonably tie their actions to specific outcomes on the organization? (5) How much do we weight measures of how they lead (judgments of the appropriateness of their decision-making, for example) versus what they achieve in the way of organizational outcomes? (6) Given that CEOs are evaluated by multiple constituencies (beginning with Wall Street analysts if they lead a publicly held company, and including the board, key customers, employees, and the general public), and given that it is highly unlikely that any CEO will

score high with all constituents, how should we weight these various perspectives on a CEO's effectiveness?

One reality in this field is that the personnel researchers are more concerned with tackling the issue of understanding what effective executive performance is than are the senior executives or even executive search professionals. These last two groups are either willing to settle for surrogate measures (such as how long the person survived in the organization and whether he or she moved into larger or more prestigious roles) or some intuitive judgment of how the person fit into the organization and what value that person added to the organization. It is clear that our thinking needs to be better in framing why one executive is deemed as more effective than another.

Clearly, until we get better measures of how effective a leader is both individually and organizationally, we risk conducting a popularity contest based on traditional criteria for getting ahead in the specific organization. Two recent research studies of CEOs (Barrick, Day, Lord, & Alexander, 1991; Thomas, 1988) indicate that individual corporate CEOs do make a noticeable difference to long-term financial performance. It is high time we identify who such CEOs are and what they do that so directly affects the viability of their organizations.

At the same time we want to state the dilemma that thoughtful organizations experience when selecting executives. When evaluating the effectiveness of the selection decision, there are in fact two parties involved: the organization and the individual executive. Often the person who promises the greatest return for the organization (that is, the candidate most likely to succeed in the position) is exactly the one who is least likely to grow as an executive as a result of being in the role.

A criterion used by some organizations (McCall et al., 1988; Ruderman, 1991) is whether the appointment will be a stretch or challenge for the leader. Some organizations increasingly assume that such ongoing growth as a leader is a central component of leadership effectiveness. In areas where executives have many career options, the executive's own sense of achievement and challenge may matter greatly in keeping that person in the organization and engaged.

Observation 6

While executive selection requires predicting how people will lead into the twenty-first century, we use models based on success in the 1970s. Some corporations are making breakthroughs in how they select

at entry levels. Our selection of executives must change in equally exciting ways.

Much of the validation of our selection devices and models was done with leaders in the 1960s and 1970s. In fact, the most powerful validation of assessment models for managers came from the predivestiture AT&T (see Howard & Bray, 1988, for a summary). The assessment centers used at AT&T and elsewhere held the potential of producing evaluations of leadership that were self-fulfilling in the 1950s, 1960s, and generations beyond. The danger of that has now become very apparent, given the radically different environment that AT&T currently has, both internally and externally.

More broadly, in the past decade we have seen profound changes in the challenges and opportunities faced by executives in both public and private sectors, and there is no reason to believe that these changes will subside. If anything, futurists (Cetron, 1991; Coates & Jarratt, 1989) think that such changes will increase. This calls into question the applicability and generalizability of past knowledge and tools. Although the matrix of core leadership qualities and skills required of senior leaders may not be changing, there is likely a notable change in emphasis and degree. This issue is open to debate.

The change in the environments within which leaders do business raises questions about the validity of the assumptions on which these models rest, in particular such assumptions as stability in job demands over time, similarity across jobs with the same titles, and similarity in populations occupying the roles (women and other protected classes are entering the executive suite). A particularly salient change is the internationalization of business.

The world's international economy continues to grow at between 5% and 6% each year. This, combined with the continued breakdown of trade barriers, means that senior leaders may need to have skills and perspectives seldom represented in North American executive suites. We will need to redefine the breadth of job experience necessary to lead people from multiple cultures. These kinds of required insights are learned over the long term, from actual cross-cultural experiences.

The selection of leaders in the future will also require looking at multilingual capacities (Tragash, 1992), skills involved with relating to others as equals, and the ability to draw meaning from experience. Learning-to-learn skills will undoubtedly play a critical role in the selection of twenty-first-century executives. These concepts currently play at most a minor role in our models of selection.

Observation 7

Prior studies of executive selection have assumed that the candidates being reviewed are all internal to the organization. Yet corporations are increasingly looking to candidates from the outside, particularly for senior roles and at those critical times when they need a change in corporate direction. It appears the dynamics of such selections are much riskier for both the external candidate and the hiring organization.

Organizations that have historically selected from within will increasingly look to the outside as they seek to change direction and culture. It has been estimated (Cowherd, 1986) that approximately 20% of executive-level jobs are filled from outside the company. That seems a bit inflated to me.

If outsiders are increasingly being hired, it is in spite of some powerful tendencies by leaders to attract and hire similar people to their organization. These individuals are also more likely to stay in it. Schneider (1987), in his attraction-selection-attrition model, has effectively described a process that produces increasing homogeneity in the employee group.

Guthrie, Grimm, and Smith (1991) gave a powerful case study of a railroad in the throes of deregulation. After being in that state for almost a decade there is a noticeable change in the profile of their executive ranks. There are leaders with fewer years of industry and company service. They are better educated and have different functional backgrounds from their predecessors. This is a revolutionary change in a stable, hidebound industry. Geber (1989) also noted an increase in turnover at the senior-executive level in U.S. companies and a rise in the number of companies opting for outsiders to fill top positions.

A fascinating study of high-growth companies by Byrne and Cowan (1986), using data from the Hay Group, found a striking effect when selections were made from a larger labor pool for their top three levels of executives. Companies that staffed 20% or more of their top positions with outsiders exceeded their expected return on investment by 10%, whereas those that relied on inside talent fell short of their goals by 20%. This study was based on 58 organizations.

Lee (1992), in an informal survey of nine colleagues in the executive selection field, also found external selections occurring more frequently. He described the unique dynamics of an external versus internal choice. He and his colleagues see external selection as being conducted more stringently (higher standards, greater time spent). There is a narrower band (in terms of what are acceptable qualifications) and the

job is defined with greater focus and takes place on a shorter time frame (what is expected, by when). Typically, the issue of selecting outside involves a corporation having a hard-to-fill, high-risk, or even temporary job.

Lee painted the bleak picture of external hires perhaps being doomed to high-risk, temporary, or otherwise marginal jobs. The data cited earlier in this report by Dieckmann & Associates (1993a, 1993b) argue against that conclusion, however. Supporting Lee is the recent visible attempt by Eastman Kodak to bring in a fresh perspective from an outsider. C. J. Steffen quit in May 1993 as CFO less than three months of being hired. Steffen is known as a ruthless cost-cutter and joined Kodak after several quarters of historically low earnings. He quit over differences of opinion with CEO Kay Whitmore about how to cut costs and at what pace. (By the way, the short-term cost to Kodak was immense. The market value of Kodak's stock fell \$1.7 billion in one day. It has since recovered somewhat.) This is an example of the difficulty of hiring for diversity and then living with the daily expression of that differing point of view. Clearly such hiring from the outside is a risky proposition, one requiring much more attention by students of executive selection.

Observation 8

We can learn much about executive selection by better understanding why it excludes women and people of color. Only then will our organizations get the requisite diversity of leadership required to succeed in the future.

There are no organizations that we know of that explicitly state that they exclude candidates for executive roles from specific demographic groups (except perhaps those over a certain age). Yet women and racial minorities are moving into the executive ranks in major organizations very slowly. There are only five female CEOs in the Fortune 500 in the U.S.

Why is this so, and what does it say about our selection processes? I believe we must explore this issue, not only because it constitutes an injustice, one which lessens the credibility of senior management, but also because it can teach us some valuable lessons about how executive selection includes judgments not stated in the selection policies.

This exclusion of women and people of color from the executive suite reflects a bias humans may have toward what Kanter (1987) has called "homosocial reproduction"—that is, people promote individuals to

work for them who resemble them in many ways. This similarity creates psychological comfort and probably operates to keep out individuals with other forms of dissimilarity (for instance, other nationalities, other industries, or other organizations with different corporate values).

As noted earlier, Schneider (1987) suggested that when people congregate and form organizations there is an inevitable restriction in the kind of people chosen and retained that yields an increasingly homogeneous group. This includes demographic factors (race, sex, and age) as well as personality and educational background. Schneider is currently seeking more extensive validation of this model.

The exclusion of nontraditionals from the executive suite may be aided by a lack of a clear definition of executive effectiveness. If executives focus on criteria such as "top-management material" and "feels right" versus measures of proven leadership impact, it is easy to keep the executive suite full of people made in the CEO's image (Leonard Sayles, personal communication, 1992). As Cox (1992) has pointed out, using culture-bound definitions of leadership effectiveness may exclude individuals from other cultures. Cox cited dimensions of leadership, such as aggressiveness, that are stereotypically male and North American. What impact does this have in a corporation with 10% to 15% Japanese or Chinese employees?

The way these added criteria enter the selection decision has been documented in many ways in the selection literature. In fact, our review of the selection literature over the past five years found that the topic of barriers to a more diverse executive suite was mentioned more than any other. Some of the ways that gender and race enter into selection decisions are: There are different standards for women and people of color; there are stereotyped beliefs about women; the attitudes of potential candidates are being affected; some organizations are seeking diversity; the issue of differential aptitude is being raised; the government is again in the fore; and the importance of a diverse top management is being recognized.

There Are Different Standards for Women and People of Color

Blacks and women are held to higher standards than white males (Mueller, Parcel, & Tanaka, 1989; Olson & Becker, 1983). That is, groups outside the traditional stream of candidates must show even more competence and an even greater track record than their white-male counterparts. This creates documented examples of women being promoted into leadership roles less often even when all other factors (for

instance, performance and richness of job experiences) are held constant (Cannings, 1988).

There Are Stereotyped Beliefs About Women

Senior executives still strongly believe that women are less committed to their careers and less likely to show initiative or take risks than their male counterparts (Catalyst, 1990). This of course creates problems for women on the dimension of breadth of job experiences, with executives often less willing to take risks in giving them executive roles with significant responsibility and challenges (Catalyst, 1990; Morrison, White, & Van Velsor, 1992). It appears that in some organizations, promotions of women constitute smaller leaps in responsibility than men (Beehr & Juntunen, 1990). This will prove particularly problematic if, as some predict, the senior leaders of the future will need to be generalists rather than masters of any one discipline (Kirkpatrick, 1990).

Van Velsor and Hughes (1990) report data on the careers of 78 female and 189 male executives from 30 U.S. corporations. They discovered that the lessons that executives reported had changed their leadership permanently differed remarkably between men and women. Men cited five lessons (for instance, how to cope with ambiguous situations) that were seldom mentioned by women, whereas women cited five lessons seldom mentioned by men (for instance, how to cope with situations beyond your control). Only three lessons were cited frequently by both groups.

The authors then analyzed the events that the executives said taught them these lessons. Again there were significant differences between the two groups. One illuminating difference was in assignments such as "turning a business around"; 30% of the men cited this, whereas only 6% of the women did. It appears this kind of assignment is not made available to women. Women also got their first supervisory job much later in their career; 18% of the women had their first supervisory job before the age of 30, whereas 80% of the men had it by that time. This study indicates that talented women were not given the opportunities to grow and develop that their male counterparts were.

The Attitudes of Potential Candidates Are Being Affected

These differential practices do have their effects on women; for example, 71% of women interviewed by Gallup stated that they do not think they have had the same chance for promotions to top executive positions as men with similar talents (Loden, 1985, p. 18). This belief probably leads them to identify less than white males do with their

organization and to look elsewhere more often. If selection systems are not perceived as rational and fair, ambitious managers might well look for and take jobs elsewhere. This is suggested by the current statistics on small, high-growth corporations. It appears that those led by women are pace-setters in this category. For some this suggests the importance of more aggressive development of executive skills in aspiring leaders from nontraditional groups, with mentoring being an oft-tried mechanism.

Some Organizations Are Seeking Diversity

Some organizations are seeking to diversify their executive teams in ways that bring in new perspectives (Morrison, 1992). They are bringing into the teams individuals from underrepresented functions (such as research and development), different countries, or even other companies.

I believe that a better understanding of the obstacles that prevent women and people of color from getting into the inner circle will help us see the changes that need to occur for us to bring on board other underrepresented groups. As Cox (1992) has noted, this is an example of the basic phenomenon of "similar versus dissimilar to us." The above-noted increase in hiring of people from outside the company may be an early signal from organizations that greater diversity in perspectives is needed to stay competitive.

The Issue of Differential Aptitude Is Being Raised

One of the truly troubling issues in the study of the impact of race and gender on selection decisions is the "differential aptitude theory" (Schmidt et al., 1992), which holds that some groups underrepresented in the executive suite score noticeably lower on some predictors of executive success, such as intellectual resources. The data are not all in on this theory, but if it were to find support, the questions it brings up include: "Do we lower standards? If so, at what cost to the organization? Or do we design a different set of predictors with equal power and which show no differences across racial or gender lines?" This issue must be approached with great sensitivity.

The Government Is Again in the Fore

With the enactment of the 1991 Civil Rights bill, the role of the federal government, through agencies such as the Equal Employment Opportunity Commission (EEOC), again is crucial. Such legislation, combined with two decades of case law and some explicit technology developed by industrial/organizational psychologists, introduces a set of

standards in how and on what criteria promotion or selection decisions may be made. This approach sets minimal standards for candidates and assumes that all jobs, including executive ones, can be broken down into measurable and discrete elements.

These EEOC guidelines have seldom been applied to the executive suite, even in organizations that assiduously follow these parameters for hiring into entry-level jobs. The question is when and how such legal guidelines will be taken seriously in promoting executives. We also need to know how they can be applied in a way that helps pick the best of the candidates, with the person selected adding the most value to the organization. Cox (1992) believes that is the best perspective to take of affirmative-action policies. They can be of help to management teams that are deliberately seeking to find people who are different. Such policies can constitute an unnatural force to counter the natural tendency to select others using a similar-to-me criterion.

The Importance of a Diverse Top Management Is Being Recognized

One reason this issue of expanded diversity at the executive level may be so important in the long run is that until that suite itself becomes more diverse (in such areas as demography, career histories, and functional areas of expertise), the leadership at lower ranks in the organization is likely to move at only a glacial pace towards diversity (Hakel, 1992). That is, the taking of concerted action on this question by executives may need to be preceded by their having some powerful personal experiences with diversity.

Summary

Although there are substantial (business) pressures to diversify the executive suite, the challenges to do so are formidable. We seek to surround ourselves with others who look and act like us. We tend to place higher standards on those dissimilar from us and may not give them the learning opportunities to develop the competencies we demand of them. These are some of the dynamics that make the challenge of diversifying our executive suites so great.

Observation 9

There is a sense of ennui, among both behavioral scientists and some practitioners, about the work done to date in executive selection. There is also a sense that different parts of the selection community are

talking past each other, often speaking in strange and foreign tongues. There are specific steps both communities can take to reduce the babble and get on with tackling an issue critical to our society.

The conference version of this report was designed to surface a community of students and practitioners of leadership drawn together by the realization that selection of leaders contains many unanswered questions. The conference then helped us identify the most pressing questions. We at the Center invite you to join us in this search.

Executive selection is about understanding and improving the process by which we allow individuals to occupy the most powerful leadership roles in our society. People in these roles affect the lives of tens of thousands of individuals. They can go far in expanding our society's capability to generate greater wealth for all. These executive roles matter greatly, and our track record at filling these roles with our best and brightest is not encouraging. We make some large mistakes in selecting for these senior roles, resulting in incompetence and misdirected efforts, which in turn weakens our organizations.

Given the importance and pressing nature of executive selection, why are not more of the most creative people addressing this question? Why has so much work focused on such a small part of the selection equation, namely the measurable qualities which comprise part of what one looks for in a qualified candidate? Why is there this great gulf between the scope and urgency of the topic and the resources addressed to this issue? What must be done to bring this issue to the fore? Our recommendations for specific steps follow.

Recommendations

All three constituencies involved in executive selection (senior executives, human resource professionals, and personnel selection researchers) have challenges which, if faced, might generate some much-needed innovation on this issue. The recommendations given here come in large part from the fifty participants in the November 1992 selection conference. Conversations were structured across the three constituencies, and participants were asked to listen to and give advice to each other. To their credit they accepted as well as gave.

Recommendations to Senior Executives

1. Take real time to lead the process of selection. Realize that effective selection involves understanding the unique demands of the

open job, the team within which the job is embedded, and the profiles of the various candidates. This investment of your time will yield noticeable impact on the organization.

2. Require of the human resource professionals a language and mechanism for assessing who in the organization is in the leadership pipeline. Review those individuals regularly and arrange feedback and opportunities to grow for those talented younger managers, who often have significant blind sides. Ask your human resource professionals to devise with you an index of success for your executive selection. It should include such questions as, "How well are you doing now?" and, "What is the ideal for which you might shoot?" This should give you compelling data to convince skeptics that greater investment in this task by your team is not only warranted but demanded. Review answers to these questions at least annually. Have the human resource staff study other companies which you respect greatly—what lessons have they learned about selecting executives?

3. Keep asking of yourself, "Where do I want the organization to be going over the next ten years, and what does that mean for the kind of talent we need to lead this place?" Involve others you respect in coming up with answers to these questions. Share this vision of the future with your human resource staff and require them to build selection and other people systems that assess individuals' capacities along those lines. Try again if the profile was entirely predictable and confirms your past decisions.

4. Understand that selection involves subtle judgments of match between the job, the team, the organization, and a given individual. Be willing to be coached on techniques that are simple yet maximize the information you can get on prospective candidates (their skills, insights, visions, and your budding relationship).

5. Take care to avoid the very human tendency to hire in your own image. Decide on what dimensions you want to have diversity in your executive suite. Then get on with the business of involving the entire team in achieving that, including periodic sessions to gauge how you are doing. You can expect some setbacks and uncomfortable experiences to be part of this pioneering effort to strengthen your team.

Recommendations to Human Resource Professionals

By this group, I mean human resource managers in organizations, executive search consultants, and general selection consultants.

1. Guide your organization in asking the questions: "How are we doing in executive selection?" "What is our success rate?" "What should

it be?" "How are we currently doing this?" "How might we improve?" "What would that get us?" (It can be simple to document the disastrous financial and human costs of an unwise selection at the senior level.) This is one area where a small investment of added time can yield great organizational benefits.

2. Avoid the natural tendency to professionalize the management of executive selection. Remember the irony that the worst selection systems were those driven by the human resource functions. The best were those driven by line management, with human resource staff giving expert guidance.

3. Senior executives are expert at their business but often at a loss for a language and decision framework for linking an open job to a pool of candidates. You can provide that, given the state of the knowledge in the field of executive selection. It requires subtle, unobtrusive education of the senior executive ranks. You may need to demand more user-friendly tools and models from the research community in executive selection.

4. Build on whatever energy there is in your executive team for this topic and create a periodic (at least annual) session where corporate priorities are reviewed with implications for replacements (real and impending) in the top-management team. Encourage the executives to reach deep into the organization to explore the question of when people might be ready for a move and (more importantly) what can be done to expand their portfolio of leadership assets. Your role is to facilitate this process, not to make final organizational life-or-death judgments.

Recommendations to Personnel Selection Researchers

1. Avoid the almost inevitable syndrome of "If I have a hammer, then the entire universe is populated with nails." Stop to understand the rich context within which executive selection occurs. Take pains to listen closely to senior executives you respect as they frame the entire process. Conduct a case study of executive selection in an organization you respect. Study the why's, who's, what's, and results of that selection process. Then ask yourself, "What variables might make the largest impact on the viability of that selection process?" Struggle with the question, "But who really is the customer for my work?"

2. We have only an ill-defined sense of where and how often executive selection goes off track. Is it really because our executives cannot reliably rank the three finalists on dimensions such as street savvy (applied intelligence) or communication skills? Or is it because all three finalists are subject to the silo effect (that is, they know a lot about a little

and don't have the breadth of experience required to run an overseas business unit in which a CEO role is required)? It is time to get out of our labs and into the field to understand where the most glitches occur.

3. Challenge the executive community to take seriously the most compelling concepts that you know improve the quality of executive selection. There are past, present, and future indicators which, although they don't explain all the variance, do strongly predict subsequent success. Some of these can be assessed simply and can even be incorporated into the existing interviews which are standard parts of all executive selection. Give the executives the tools to use these predictors. Then, by working alongside these executives, find out what added value the concepts have when used for this level of selection.

4. Take seriously the question of "selection for what?" The field has avoided the tough conceptual question of what are the core components of an executive's effectiveness. Who are and who should be various definers of the executive's performance? Over what time frame? How can we capture aspects of the executive's performance reliably, efficiently, and validly? Without stronger answers than we can now provide, it will be difficult to expand our knowledge.

5. Members of the research community understand why executives embrace homosocial reproduction yet practice it themselves. Executive search firms and the personnel research community share a common concern yet use wonderfully different methods for studying the issue. Research in executive selection could be improved if individuals from both communities joined in common efforts to understand the phenomenon. There would be great strength in such combinations, precisely because they use different methods.

**Appendix A:
Principal Speakers at Executive Selection Conference
November 3, 4, and 5, 1992—Greensboro, North Carolina**

Scholars

Kenneth E. Clark	Center for Creative Leadership
Taylor Cox, Jr.	University of Michigan
Milton D. Hakel, Jr.	Bowling Green State University
Douglas T. Hall	Boston University
Ann Howard	Leadership Research Institute
Paul R. Sackett	University of Minnesota
Jeffrey A. Sonnenfeld	Emory University
Gillian Stamp	Brunel University

Human Resource Executives

Robert H. Sayre	First Bank System, Inc.
Harold J. Tragash	Rhone-Poulenc Rorer Inc.

Selection/Outplacement Consultants

Robert J. Lee	Lee Hecht Harrison, Inc.
Melvin Sorcher	Sorcher Associates, Inc.

Executives

Louis P. Mattis	Sterling Drug, Inc.
Earle Mauldin	BellSouth Enterprises, Inc.
H. Smith Richardson, Jr.	Smith Richardson Foundation, Inc.
Lanty L. Smith	Precision Fabrics Group, Inc.
Marilyn H. Tam	Reebok International, Ltd.
Walter F. Ulmer, Jr.	Center for Creative Leadership

Special Guests

John S. Bowen	DMB&B
Robert E. Frazer	Frazer & Associates
William C. Friday	William R. Kenan, Jr., Fund
E. Marie McKee	Corning Glass Works

These individuals were joined by another thirty people interested in exploring the knowns and unknowns of executive selection.

Appendix B: Defining Our Terms

This report focuses on a critical role that senior executives play: finding successors for themselves and those leaders who report to them (Kesner, 1989). The executives often talk ruefully about this role, as if the task is an imposing challenge. Some CEOs appear to avoid the task at all costs (Kets de Vries, 1988; Sonnenfeld, 1988). CBS founder William Paley, Occidental Petroleum's Armand Hammer, and Ken Olsen of DEC are examples of CEOs who went out reluctantly. A few of the more insightful executives will even frame the task in paradoxical form; that is, they see their job as finding replacements who possess an even fuller set of talents than they themselves do. This requires a kind of humility not many of us have.

By *executive* I mean the subset of managers who have both strategic and operational responsibilities: Where are we going and how are we getting there? They also tend to be in charge of multiple functions, such as product development and manufacturing.

By *selection* I mean a wide variety of formal and informal procedures for filling an open position. Management procedures such as succession planning, executive recruitment, and replacement all encompass the core management process discussed in this report.

Whether a selection is seen as a success depends on how well the chosen executive subsequently performs in that role. Tragash (1992) has a useful definition of whether a leader is effective: "[A leader] provides focus to large-scale systems. Everything, as a result, points in the new direction. Everything adds value for stakeholder." If a leader creates that kind of focus, that sort of momentum, the impact on bottom-line organizational indicators typically follows.

In this report I focus on *executive level selection*—the process carried out by organizations of picking individuals to play key managerial roles. By *executive level* we mean managerial roles with both strategic ("What are we about?") and operational ("How should we get there?") responsibilities. Often these individuals are responsible for multiple functions (that is, they are general managers). Typically, they have profit-and-loss responsibilities, at least in the private sector. These roles are critical to setting direction for the organization's future as well as guiding the day-to-day actions. Although historically these roles have been formal positions in the organizations, with the flattening of organizations, the assignments we consider "promotions" are changing. Today, some of the most challenging selections may be for a temporary role,

such as chairing a committee reviewing possible acquisition targets or heading a corporate-wide effort to generate new products for the next century.

The focus on senior levels has created a dilemma. Almost all of the empirical work on managerial selection has focused on first-level up to mid-level management roles. I am then in the awkward role of extrapolating results to the more senior levels.

Executive selection is carried out in many different ways across organizations (Fresina & Associates, 1987). It ranges from an ad hoc, informal practice to a structured process assessing the general depth of talent in the organization. In organizations where it is done most informally, it occurs as needed when an existing executive role is vacated or a new position is to be filled. In other organizations, senior leaders may annually lead a succession-planning exercise in which many junior managers are reviewed for their promotability to more senior roles. The junior managers are then potential candidates in the event of an open position. In some cases the executives may participate in suggesting specific events, such as a special assignment or educational opportunity, in which these promising managers might participate in order to expand their leadership skills.

The distinction between formal and informal selection practices is a bit arbitrary. As Ruderman (1991) has noted, even in organizations with formal executive-selection systems, the informal data may dominate the actual decision as to who gets the job.

Many different terms have been used to describe organizational programs or policies designed to help select executives. These include *management succession*, *identification of high potentials*, *the succession plan*, *executive recruitment*, *succession planning*, and *executive replacement*. I have chosen to stick with *executive selection*. It is the simplest statement of this central leadership challenge—selecting individuals to occupy the roles critical to the future vitality of the organization.

When we select individuals for these executive roles, we do so hoping that they will be effective leaders in those roles. What do we mean by *leadership effectiveness*? Effective leadership involves focusing the resources at the leader's command (people, technology, ideas, and capital) on some key goals or challenges in ways which strengthen the collective performance for today and for the future. Defining a sense of mission and strategic goals is a central responsibility of the leader, his or her team, and other senior leadership in the organization. An effective leader focuses the group both on today's outcomes and on creating a

robust organization that can respond flexibly to changing markets and technologies.

One of the ongoing vagaries of the field of selection is that much of the research has focused on *leadership success* (Luthans, 1988), with the implicit assumption that we know how to define and measure such success.

Is *leadership effectiveness* distinct from *management effectiveness*? The distinction is important to many in the leadership field (McConkey, 1989; Sathe, 1989; Valentine, 1991). To these individuals leadership is proactive, visionary, value-added activities, whereas management is doing things right in a reactive, incremental way. To me, however, the distinction between leadership and management seems artificial, particularly since we are focusing on executive levels, where the kind of reactive stance defined by many as mere management is anything but appropriate.

How broadly applicable is our discussion of selection across organizational settings? In fact, it has real limits. For purposes of focusing our domain of inquiry I am examining selection as it occurs in formal organizations of moderate to large size (primarily in private but also public sector). I would not try to generalize these questions to very small or family-owned businesses. The research on which I am focusing is unfortunately also largely U.S.-based, with some studies conducted with U.K. managers. This cultural uniformity is a limitation that must be addressed quickly as we move aggressively into a global economy.

Appendix C: Questions Worth Posing

Observation 1

1. How much can the work on personnel selection inform our decisions about selecting executives? How confidently can we extrapolate the work of personnel selection to more senior leadership roles?

Do we really know how to select executive leaders who will create effective organizations or not? What data exist which support that case? If the answer is no, why not? Certainly fields other than industrial/organizational psychology can illuminate the executive-selection decision. These might include economics, anthropology, social psychology, ethics, clinical psychology, and maybe even theology. What are the dangers of focusing on the contribution by industrial/organizational psychology?

2. Why are the lessons learned from executive search firms held so closely? Can these organizations share their growing knowledge? If not, does this mean such firms are perpetuating ignorance? What might they create in added value to those lessons created by personnel selection research?

3. What are the limits imposed by these traditions focusing on selecting for success in contrast to effectiveness? Do recent theories focusing on leadership effectiveness (of the "transformational" genre) indicate a qualitatively different leadership profile?

Observation 2

1. Why have the insights gained in the field of selection not been applied more extensively to executive selection? Are there indirect impacts which we are missing?

2. Is it premature to seek for that application, particularly at the executive levels of leadership?

3. What can we do to make the selection techniques more user friendly and yet retain their integrity in use?

Observation 3

1. Can promotions for executives best be based on objective, standardized criteria? Or should we focus on identifying core processes by which leadership teams address this challenge, exploring rather than negating the natural differences in how organizations select executives?

2. How limited has personnel selection become in its focus on the individual and linking the person to some static look at "a job"? What are

the essential elements of a selection model which will account for the person, the job, the organization, all in the context of rapid and unexpected change?

Observation 4

1. What lessons have we learned from studies of how best to develop leaders which should be included in the equation of selecting a senior leader?

2. What obligation do we have to select creating the "strategic mismatch"? Is the best person for the job someone who brings many of the requisite skills but sees the job as a huge challenge? If so, what are the important "stretch" or developmental parts of the job?

Observation 5

1. Can promotions for executives best be based on objective, standardized criteria? Or should we focus on identifying core processes by which leadership teams address this challenge?

2. How limited has personnel selection become in its focus on the individual and linking the person to some static look at "a job"? What are the essential elements of a selection model which will account for the person, the job, the organization, all in the context of rapid and unexpected change?

Observation 6

1. How dangerous is it to extrapolate our selection models? Are we selecting leaders for the 1960s and 1970s? Will this cause derailment in the 1990s?

2. How do we know what we don't know about leading into the future? In what ways is past performance no longer the best predictor of future effectiveness?

3. Are leaders becoming obsolete? Do we need to define leadership as a collective rather than individual phenomenon?

Observation 7

1. Why are corporations increasingly hiring for top-level jobs from the outside, given the documented increased risk of external as compared to internal selection? Are external selections more appropriate for achieving organizational changes? If so, what kinds? Are certain subsets of executive jobs so demanding that they require a broader base of talent from which to pick than is likely to be available within a given organization?

2. When reviewing external candidates do we need to look at a qualitatively different set of competencies and job histories than used for internal candidates? If so, why?

3. What lessons can we learn from how executive search firms (typically used for external searches) zero in on a subset of candidates and evaluate them for possible fit? Can some of these lessons be used for internal selection?

Observation 8

1. We have the sense that issues of race and sex may mask other dimensions which get in the way of making executive selection decisions. Clearly senior teams want to draw from their entire talent pool. We know that some senior teams are most impressed with the need to expand this talent pool. Why then do potentially irrelevant factors enter the decision equation? What other irrelevancies are entering and why? What does the fact that less than half of our working population is considered potential for the executive suite tell us about deficiencies in our selection processes?

2. Can the historical model for selecting executives based on the characteristics of white males apply to people of color and women?

3. Can we continue to use our exclusionary selection models; will they work in an all-inclusive work force? Does the tendency to hire people like ourselves make us prisoners of past traditional selection models?

Observation 9

1. What forums can we create that will allow the three constituencies interested in executive selection (senior executives, human resource professionals, and personnel selection researchers) to talk regularly and openly with each other? Can we make the November 1992 conference one of an ongoing series of interactions? If not, why not? Is the need not there?

2. How will we know if the field of executive selection is improving? If we come back in ten years (in the year 2002), what indicators will we look for? In all three communities, what specific kinds of changes do we hope to see?

3. What incentives exist, or could be created, to move the three constituencies to carry out the recommendations made in this report?

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EXECUTIVE SELECTION

A Look at What We Know and What We Need to Know

This report, an expanded version of the working document that anchored the 1992 Center conference on executive selection, summarizes and evaluates the contributions of research and practice to the understanding of how we can choose the most effective leaders for our organizations.

The Author

David DeVries is a Senior Fellow at the Center for Creative Leadership. Prior to this position, he held, over a period of fifteen years, various roles in the Center. He began as an individual research contributor and eventually became Executive Vice President (a chief operating role that integrated several functions). His years at the Center have enabled him to approach issues such as executive selection from multiple perspectives, and they have given him the opportunity to listen to the insights of a wide range of executives on the difficulty in choosing and galvanizing management teams.

With a Ph.D. in social psychology from the University of Illinois, DeVries has published many articles and books on leadership issues. He is currently also Co-President of Kaplan-DeVries, Inc., a firm focusing on leadership consultation with senior executives.



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